

Hearing Date and Time: May 21, 2020 at 10:00 a.m. (prevailing Eastern Time)
Objection Deadline and Time: May 18, 2020 at 4:00 p.m. (prevailing Eastern Time)

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Proposed Counsel to Fee Examiner David M. Klauder, Esquire

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:

PURDUE PHARMA L.P., et al.,

Debtors.¹

Chapter 11

Case No. 19-23649 (RDD)

(Jointly Administered)

**NOTICE OF HEARING ON APPLICATION OF FEE EXAMINER, PURSUANT
TO SECTION 327(a) OF THE BANKRUPTCY CODE, BANKRUPTCY RULE 2014,
AND LOCAL BANKRUPTCY RULES 2014-1 AND 2016-1, FOR THE ENTRY OF
AN ORDER AUTHORIZING THE RETENTION AND EMPLOYMENT OF
BIELLI & KLAUDER LLC AS COUNSEL TO THE FEE EXAMINER,
NUNC PRO TUNC TO THE APPOINTMENT DATE**

PLEASE TAKE NOTICE that on May 7, 2020, Fee Examiner David M. Klauder, Esquire filed the *Application of Fee Examiner, Pursuant to Section 327(a) of the Bankruptcy Code, Bankruptcy Rule 2014, and Local Rules 2014-1 and 2016-1, for the Entry of an Order Authorizing the Retention and Employment of Bielli & Klauder, LLC as Counsel to the Fee*

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's registration number in the applicable jurisdiction are as follows: Purdue Pharma L.P. (7484), Purdue Pharma Inc. (7486), Purdue Transdermal Technologies L.P. (1868), Purdue Pharma Manufacturing L.P. (3821), Purdue Pharmaceuticals L.P. (0034), Imbrium Therapeutics L.P. (8810), Adlon Therapeutics L.P. (6745), Greenfield BioVentures L.P. (6150), Seven Seas Hill Corp. (4591), Ophir Green Corp. (4594), Purdue Pharma of Puerto Rico (3925), Avrio Health L.P. (4140), Purdue Pharmaceutical Products L.P. (3092), Purdue Neuroscience Company (4712), Nayatt Cove Lifescience Inc. (7805), Button Land L.P. (7502), Rhodes Associates L.P. (N/A), Paul Land Inc. (7425), Quidnick Land L.P. (7584), Rhodes Pharmaceuticals L.P. (6166), Rhodes Technologies (7143), UDF LP (0495), SVC Pharma LP (5717) and SVC Pharma Inc. (4014). The Debtors' corporate headquarters is located at One Stamford Forum, 201 Tresser Boulevard, Stamford, CT 06901.

Examiner, Nunc Pro Tunc to the Appointment Date (the “**Retention Application**”). A hearing on the Retention Application will be held before the Honorable Robert D. Drain, United States Bankruptcy Judge, United States Bankruptcy Court for the Southern District of New York (the “**Court**”), 300 Quarropas Street, White Plains, New York 10601, on **May 21, 2020 at 10:00 a.m. (prevailing Eastern Time)** (the “**Hearing**”) or as such other time as the Court may determine.

PLEASE TAKE FURTHER NOTICE that the Hearing may be continued or adjourned thereafter from time to time without further notice other than an announcement of the adjourned date or dates at the Hearing or a later hearing.

PLEASE TAKE FURTHER NOTICE that, any responses or objections (each, an “**Objection**”) to the Retention Application shall be in writing, shall confirm to the Federal Rules of Bankruptcy Procedure and the Local Bankruptcy Rules for the Southern District of New York, shall be filed with the Bankruptcy Court and served so as to be received no later than **May 18, 2020 at 4:00 p.m. (prevailing Eastern Time)** (the “**Objection Deadline**”).

PLEASE TAKE FURTHER NOTICE that if no Objections are timely filed and served with respect to the Retention Application the undersigned may, on or after the Objection Deadline, submit to the Court an Order substantially in the form annexed hereto as Exhibit A to the Retention Application, which order the Court may enter without further notice or opportunity to be heard.

PLEASE TAKE FURTHER NOTICE that objecting parties are required to attend the Hearing and a failure to appear may result in relief being granted upon default.

PLEASE TAKE FURTHER NOTICE that copies of the Retention Application may be obtained free of charge by visiting the website of Prime Clerk LLC at <https://restructuring.primeclerk.com/purduepharma>. You may also obtain copies of any

pleadings by visiting the Bankruptcy Court's website at <http://www.nysb.uscourts.gov> in accordance with the procedures and fees set forth therein.

Dated: May 7, 2020

BIELLI & KLAUDER LLC

/s/ Thomas D. Bielli

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**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:	Chapter 11
PURDUE PHARMA L.P., et al.,	Case No. 19-23649 (RDD)
Debtors. ¹	(Jointly Administered)

**APPLICATION OF FEE EXAMINER, PURSUANT TO SECTION 327(a) OF THE
BANKRUPTCY CODE, BANKRUPTCY RULE 2014, AND LOCAL BANKRUPTCY
RULES 2014-1 AND 2016-1, FOR THE ENTRY OF AN ORDER AUTHORIZING THE
RETENTION AND EMPLOYMENT OF BIELLI & KLAUDER LLC AS COUNSEL
TO THE FEE EXAMINER, NUNC PRO TUNC TO THE APPOINTMENT DATE**

The appointed fee examiner David M. Klauder, Esquire (the “Fee Examiner”) in the above-captioned chapter 11 cases of Purdue Pharma L.P *et al.* (collectively, the “Debtors”), hereby submits this application (the “Application”) for the entry of an order, substantially in the form attached hereto as Exhibit A, pursuant to section 327(a) of title 11 of the United States Code, 11 U.S.C. §§ 101–1532 (the “Bankruptcy Code”), Rule 2014 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), and Rules 2014-1 and 2016-1 of the Local

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor’s registration number in the applicable jurisdiction are as follows: Purdue Pharma L.P. (7484), Purdue Pharma Inc. (7486), Purdue Transdermal Technologies L.P. (1868), Purdue Pharma Manufacturing L.P. (3821), Purdue Pharmaceuticals L.P. (0034), Imbrium Therapeutics L.P. (8810), Adlon Therapeutics L.P. (6745), Greenfield BioVentures L.P. (6150), Seven Seas Hill Corp. (4591), Ophir Green Corp. (4594), Purdue Pharma of Puerto Rico (3925), Avrio Health L.P. (4140), Purdue Pharmaceutical Products L.P. (3092), Purdue Neuroscience Company (4712), Nayatt Cove Lifescience Inc. (7805), Button Land L.P. (7502), Rhodes Associates L.P. (N/A), Paul Land Inc. (7425), Quidnick Land L.P. (7584), Rhodes Pharmaceuticals L.P. (6166), Rhodes Technologies (7143), UDF LP (0495), SVC Pharma LP (5717) and SVC Pharma Inc. (4014). The Debtors’ corporate headquarters is located at One Stamford Forum, 201 Tresser Boulevard, Stamford, CT 06901.

Bankruptcy Rules for the Southern District of New York (the “Local Rules”), and consistent with the Guidelines for Reviewing Applications for Compensation and Reimbursement of Expenses Filed Under 11 U.S.C. § 330 by Attorneys in Larger Chapter 11 Cases, issued by the Executive Office of the United States Trustees (the “U.S. Trustee Guidelines”), authorizing the retention and employment of Bielli & Klauder, LLC (“Bielli & Klauder”) as counsel, effective *nunc pro tunc* to the Appointment Date (as defined below). In support of this Application, the Fee Examiner (i) has contemporaneously filed (a) the *Declaration of Thomas D. Bielli, in Support of the Application of Fee Examiner, Pursuant to Section 327(a) of the Bankruptcy Code, Bankruptcy Rule 2014 and Local Bankruptcy Rules 2014-1 and 2016-1, for the Entry of an Order Authorizing the Retention and Employment of Bielli & Klauder, LLC as Counsel to the Fee Examiner, Nunc Pro Tunc to the Appointment Date* (the “Bielli Declaration”), attached hereto as Exhibit B; and (b) the *Declaration of David M. Klauder in Support of the Application of Fee Examiner, Pursuant to Section 327(a) of the Bankruptcy Code, Bankruptcy Rule 2014, and Local Bankruptcy Rules 2014-1 and 2016-1, for the Entry of an Order Authorizing the Retention and Employment of Bielli & Klauder, LLC as Counsel to the Fee Examiner, Nunc Pro Tunc to the Appointment Date* (the “Fee Examiner Declaration”), attached hereto as Exhibit C; and (ii) further respectfully represents as follows:

JURISDICTION

1. The Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334 and the Amended Standing Order of Reference M-431, dated January 31, 2012 (Preska, C.J.). This is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2). Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.
2. The statutory predicates for the relief requested herein are section 327(a) of

the Bankruptcy Code, Bankruptcy Rule 2014, and Local Rules 2014-1 and 2016-1.

BACKGROUND

3. On September 15, 2019 and September 16, 2019 (the “Petition Date”), the Debtors commenced voluntary cases under chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Southern District of New York (the “Court”). The Debtors are authorized to continue to operate their business and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. On September 27, 2019, the United States Trustee for Region 2 (the “U.S. Trustee”) appointed an official committee of unsecured creditors (the “Creditors’ Committee”). No trustee or examiner (other than the Fee Examiner as hereinafter set forth) has been appointed in these chapter 11 cases. The Debtors’ chapter 11 cases are being jointly administered for procedural purposes only pursuant to Bankruptcy Rule 1015(b).

4. On April 8, 2020 (the “Appointment Date”), the Court entered the *Order Authorizing Appointment of Independent Fee Examiner Pursuant to 11 U.S.C. § 105(a) and Modifying Interim Compensation Procedures for Certain Professionals Employed Pursuant to 11 U.S.C. 327* [Docket No. 1023] (the “Fee Examiner Order”). The Fee Examiner Order directed the U.S. Trustee to appoint David M. Klauder to serve as the Fee Examiner in these cases.

RELIEF REQUESTED

5. By this Application, the Fee Examiner respectfully requests the entry of an order authorizing him to retain and employ Bielli & Klauder as counsel, effective *nunc pro tunc* as of the Appointment Date.

BASIS FOR RELIEF REQUESTED

6. As required by Bankruptcy Rule 2014(a), this Application, along with the Bielli Declaration and the Fee Examiner Declaration, set forth, among other things: (a) the specific facts showing the necessity for Bielli & Klauder's retention and employment in these chapter 11 cases; (b) the reasons for the selection of Bielli & Klauder; (c) the professional services to be rendered by Bielli & Klauder; (d) the proposed arrangement for Bielli & Klauder's compensation; and (e) Bielli & Klauder's connections, if any, to known creditors and parties in interest in these chapter 11 cases.

7. The Fee Examiner respectfully submits that it is necessary and appropriate to retain and employ Bielli & Klauder to enable him to fulfill and faithfully perform his duties, and that such employment is in the best interests of the Fee Examiner, the Debtors' estates, and their creditors.

A. Bielli & Klauder's Qualifications

8. The Fee Examiner believes that, based upon Bielli & Klauder's expertise in cases such as these, it would be cost effective for the Fee Examiner to retain Bielli & Klauder as his counsel in this matter, and that Bielli & Klauder is well qualified to represent him in these proceedings. Bielli & Klauder has extensive experience and knowledge in the field of debtors' and creditors' rights, sale transactions, business reorganizations, restructurings, and liquidations under chapter 11 of the Bankruptcy Code.

9. Bielli & Klauder's extensive experience with and knowledge of debtor's and creditor's rights, sale transactions, business reorganizations, restructuring, and liquidations in chapter 11 cases provides a sound basis to conclude that Bielli & Klauder is well qualified and uniquely able to serve as the Fee Examiner's counsel in these chapter 11 cases in an efficient and timely manner.

10. In addition, Bielli & Klauder has served as counsel to the Fee Examiner in the following chapter 11 cases, all of which were filed in the United States Bankruptcy Court for the District of Delaware: *In re Paragon Offshore plc, et al.* chapter 11 cases (Lead Case No. 16-10386 (CSS)), *Prospector Offshore Drilling S.à r.l., et al.* chapter 11 cases (Lead Case No. 17-11572 (CSS)), *Drone LC, Inc. (f/k/a Lily Robotics, Inc.)* chapter 11 case (Case No. 17-10426), and *In re TerraVia Holdings, Inc., et al.* chapter 11 cases (Lead case No. 17-11655 (CSS)); *In re Aerogroup International Inc., et al.* chapter 11 cases (Lead Case No. 17-11962 (KJC)); *In re Forever 21, Inc., et al.* chapter 11 cases (Lead Case No. 19-12122 (MFW)).

B. Payment of Fees and Expenses

11. Bielli & Klauder has advised the Fee Examiner that it intends to apply to the Court for compensation and reimbursement of expenses in accordance with the applicable provisions of the Bankruptcy Code, including sections 330 and 331, the Bankruptcy Rules, the Local Rules, the U.S. Trustee Guidelines, and any interim compensation order entered in, or otherwise applicable to, these cases, subject to the modifications set forth herein.

12. Both Bielli & Klauder and the Fee Examiner propose a monthly fee structure for this engagement, which will cover the compensation and expenses for both Bielli & Klauder and the Fee Examiner. The proposed fee structure is as follows:

- a. Flat Fee of \$55,000.00 per month for the term of this engagement;
- b. An additional, initial one-time fee of \$125,000.00 to cover the immediate review of professionals' First Interim Fee Applications, which were approved by the Court on an interim basis, but the 20% holdback was not approved subject to the Fee Examiner's review of these fee applications².

² The Fee Examiner is committed to performing an expeditious review of the First Interim Fee Applications, and will commit to completing such review within sixty (60) days of a professional's submission to the Fee Examiner

13. As noted, the flat fees will cover the compensation and expenses for the Fee Examiner and the professionals at Bielli & Klauder. In addition, the flat fee will cover the costs of Legal Decoder, Inc. (“Legal Decoder”), whose data analytics software the Fee Examiner plans to use to assist in performing his analysis during this case. Legal Decoder will charge Bielli & Klauder the amount of \$24,750 per month for the use of its software during this case. In addition, with respect to the one-time fee of \$125,000 for the first interim fee application review, Legal Decoder will charge Bielli & Klauder the amount of \$56,250 for the use of its software for this period.

14. The flat fee compensation does not include:

- a. Travel and related expenses for anyone other than the Fee Examiner necessary for any court appearance requested by any party other than the Fee Examiner;
- b. Time spent by the Fee Examiner or anyone employed by the Fee Examiner which relates to responding to discovery requests of any type, or for any testimony, or for the preparation or of either. If such activities arise in the course of the fee examiner’s appointment, they will be charged at the affected individual’s then-currently hourly rate;
- c. Time spent by Legal Decoder’s personnel for: preparation, normalization, reviewing, or manipulation of data or other information (both invoice data and professional biographical data) provided by professionals in non-LEDES format or not in compliance with data format and transfer requirements in the Fee Examiner protocol; attending (in person or telephonically) any conference, deposition, hearing or other

and Bielli & Klauder of electronic fee data (i.e. LEDES format) for the relevant time period. Because of the significant amount of work this will entail for these 60 days, including the continued review of fee applications that are filed in this case, the Fee Examiner insists on the additional fee to complete this review.

meeting;

d. If any of the activities covered by the preceding sub-paragraph are undertaken by Legal Decoder personnel in the course of the fee examiner's appointment, Legal Decoder will bill their time monthly at an hourly rate ranging from \$75 to \$325 per hour (based on such individual's expertise), and the aggregate total added to Bielli & Klauder's monthly flat fee, amount will then be paid directly to Legal Decoder; or

e. time and expenses of any local counsel or other professional the Fee Examiner may hire to represent him in this matter subject to the appropriate application to be brought before this Court.

15. Bielli & Klauder will file the appropriate monthly fee applications and requests that the entire monthly fee be paid each month upon approval of the fee application with no 20% holdback required as set forth in the *Order Establishing Procedures for Interim Compensation and Reimbursement of Expenses for Retained Professionals* [Docket No. 529]. Bielli & Klauder will also file a final fee application at the time its engagement or this case is concluded. Finally, Bielli & Klauder will maintain detailed, contemporaneous time records in six minute intervals and provide same with its monthly fee application

16. As set forth in the Bielli Declaration, with the exception of Legal Decoder, Bielli & Klauder has not shared or agreed to share any of its compensation to be received for services rendered in or in connection with these cases with any other person, other than as permitted by section 504 of the Bankruptcy Code.

C. Services to be Provided

17. The Fee Examiner has retained Bielli & Klauder to represent the Fee Examiner as his counsel during the course of all aspects of these chapter 11 cases.

18. The professional services that Bielli & Klauder will render to the Fee Examiner include, but shall not be limited to, the following:

- a. reviewing with the Fee Examiner fee applications and related invoices for compliance with applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, the U.S. Trustee Guidelines, and the Local Rules and Orders of the Court;
- b. assisting the Fee Examiner in any hearings or other proceedings before the Court to consider fee applications, including, without limitation, advocating positions asserted in the reports filed by the Fee Examiner;
- c. assisting the Fee Examiner with legal issues raised by inquiries to and from the professionals retained or proposed to be retained in these cases and related adversary proceedings by the Debtors, the Creditors' Committee, or otherwise retained with Court approval (collectively, the "Retained Professionals") and any other professional services provider retained by the Fee Examiner;
- d. where necessary, attending meetings between the Fee Examiner and Retained Professionals;
- e. assisting the Fee Examiner with the preparation of preliminary and final reports regarding professional fees and expenses;
- f. assisting the Fee Examiner in developing protocols and making reports and recommendations;
- g. assisting the Fee Examiner in conducting such discovery as may be pertinent and necessary to the performance of his other duties and responsibilities after first securing approval of the Court;
- h. assisting the Fee Examiner in communicating concerns regarding any

application to the Retained Professionals to whom such application pertains and to provide him such supplemental information as he may reasonably require in order to evaluate the reasonableness of any particular fee item; and

- i. providing such other services as the Fee Examiner may request

19. Bielli & Klauder will not duplicate the work performed by the Fee Examiner or any other professionals retained by him.

20. The employment of Bielli & Klauder is in the best interests of the Debtors' estates and of these cases as a whole because it will aid in the Fee Examiner's analysis of fees and expenses, provide another point of contact for the Retained Professionals, and augment the Fee Examiner's ability to properly and efficiently analyze a large volume of fee and expense requests within appropriate time frames.

21. The Fee Examiner believes that Bielli & Klauder will materially aid in reviewing these and future fee and expense requests, and that Bielli & Klauder's bankruptcy experience in this area will enable the Debtors' estates to achieve substantial benefits by maximizing cost control and efficiency.

D. Bielli & Klauder is Disinterested and Does Not Hold or Represent Any Interest Adverse to the Debtors' Estate

22. The Fee Examiner is a partner of Bielli & Klauder. To the best of the Fee Examiner's knowledge, information and belief, and except as disclosed herein and in the Bielli Declaration, Bielli & Klauder has not represented the Debtors, their creditors, equity security holders, or any other parties-in-interest, or their respective attorneys, in any matters relating to the Debtors or their estates.

23. Bielli & Klauder is a "disinterested person," as that term is defined in section 101(14) of the Bankruptcy Code and as required by section 327(a) of the Bankruptcy Code,

in that Bielli & Klauder, its partners, counsel, and associates:

- a. are not creditors, equity security holders, or insiders of the Debtors;
- b. are not and were not, within two years before the Petition Date, directors, officers, or employees of the Debtors; and
- c. do not have an interest materially adverse to the interests of the Debtors' estates or of any class of the Debtors' creditors or equity security holders, by reason of any direct or indirect relationship to, connection with, or interest in, any of the Debtors, or for any other reason.

24. Bielli & Klauder did not receive a retainer with respect to this representation.

25. For the above reasons, the Fee Examiner submits and is satisfied that Bielli & Klauder's employment is necessary, appropriate and in the best interests of the Fee Examiner, the Debtors, and their estates.

STATEMENT REGARDING U.S. TRUSTEE GUIDELINES

26. As discussed herein, Bielli & Klauder intends to apply to the Court for compensation and reimbursement of expenses in accordance with applicable provisions of the Bankruptcy Code, including but not limited to sections 330 and 331, the Bankruptcy Rules, the Local Rules, and any interim compensation order entered in, or otherwise applicable to, these cases.

27. The following information is provided in response to the request for additional information set forth in section D.1 of the U.S. Trustee Guidelines:

Question: Did you agree to any variations from, or alternatives to, your standard or customary billing arrangements for this engagement?

Response: Yes. The monthly rate structure as set forth herein is different than Bielli & Klauder's customary billing arrangements for similar engagements.

Question: Do any of the professionals included in this engagement vary their rate based on the geographic location of the bankruptcy case?

Response: No.

Question: If you represented the client in the 12 months prepetition, disclose your billing rates and material financial terms for the prepetition engagement, including any adjustments during the 12 months prepetition. If your billing rates and material financial terms have changed post-petition, explain the difference and the reasons for the difference.

Response: Bielli & Klauder represents the Fee Examiner in his capacity as the Fee Examiner in other cases. In those cases, Bielli & Klauder has billed at hourly rates for those engagements at its customary hourly fee structure of \$225 - \$375 per hour for attorneys, and \$150 per hour for paraprofessionals.

Question: Has your client approved your prospective budget and staffing plan, and, if so, for what budget period

Response: The Fee Examiner and Bielli & Klauder will develop a prospective budget and staffing plan to comply with the U.S. Trustee's requests for information and additional disclosures, and will work with the U.S. Trustee to provide the appropriate information in this instance.

NOTICE

28. Notice of this Application been provided to: (a) the Debtors; (b) the U.S. Trustee; (c) the Creditors' Committee; (d) the Internal Revenue Service, and (e) those parties who have formally filed requests for notice in these chapter 11 cases pursuant to Bankruptcy Rule 2002. The Fee Examiner submits that, under the circumstances, no other or further notice is required.

NO PRIOR REQUEST

29. No previous request for the relief sought herein has been made by the Fee Examiner to this or any other court.

WHEREFORE, the Fee Examiner respectfully requests that the Court enter an order:

(a) authorizing the Fee Examiner to retain and employ Bielli & Klauder, LLC, *nunc pro tunc* to the Appointment Date, as counsel; (b) requiring that Bielli & Klauder be paid such compensation as may be allowed by this Court; and (c) granting such other and further relief as the Court may deem just and proper.

Dated: May 7, 2020

BIELLI & KLAUDER LLC

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